

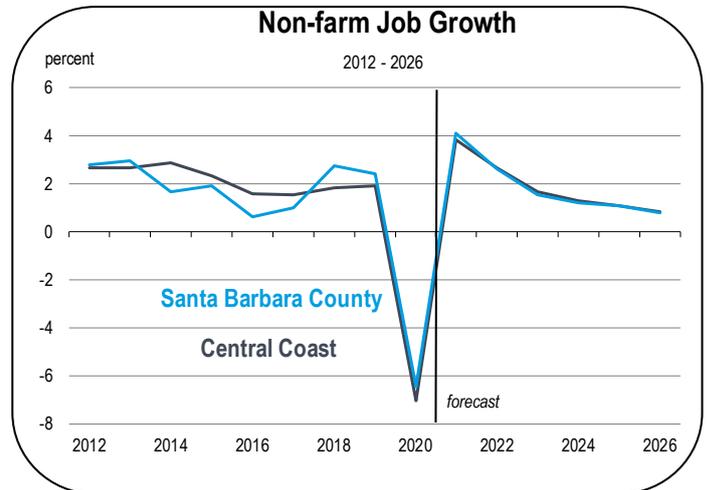
# Santa Barbara County Economic Forecast

## Forecast Summary

- On an annual average basis, 8,100 non-farm jobs will be restored in Santa Barbara County during 2021, representing most of the jobs that were lost in 2020. A full labor market recovery is expected by 2022.
- Employment gains in 2021 will be largest in leisure services, which will recover 3,100 jobs. More than 1,000 jobs will also be re-gained in government, professional business services, and retail trade.
- The full reopening of the Santa Barbara tourism industry will be a major factor in leisure and hospitality job creation. A larger volume of travelers to South Santa Barbara County and the Santa Ynez Valley will help to restore jobs at restaurants, hotels, and wine tasting rooms.
- The unemployment rate averaged 8.0 percent in 2020. It is forecast to average 6.0 percent in 2021.
- The Santa Barbara County population is expected to grow relatively slowly during most of the forecast period.
- The median home price increased by 25 percent in 2020, which was among the fastest rates of appreciation across California. Prices are expected to increase by another 10-12 percent in 2021.

## Job Growth

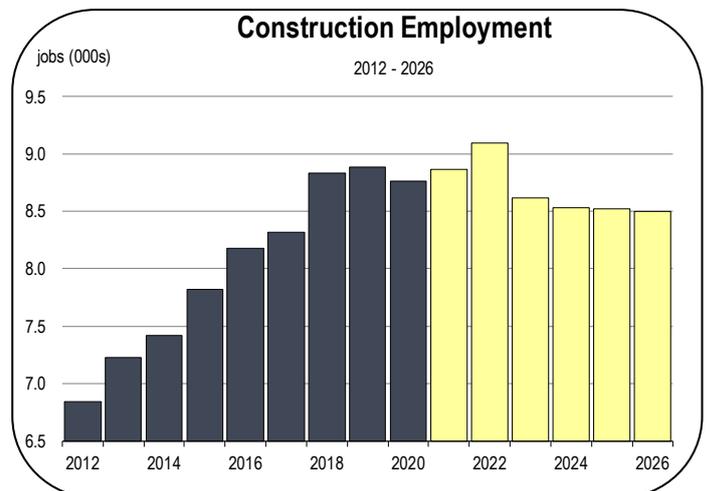
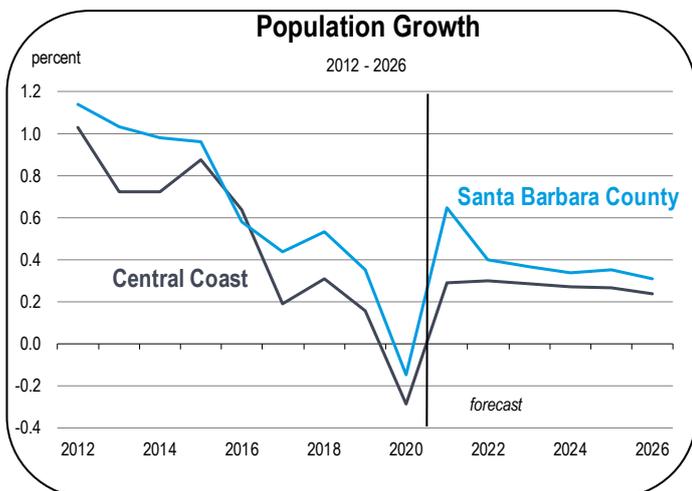
- Total employment in Santa Barbara County will expand by 5.4 percent in 2021 on an annual average basis.



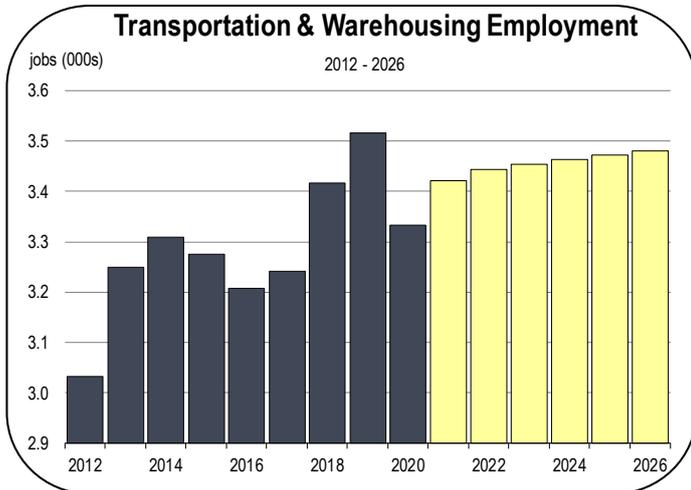
- Between 2022 and 2026, job growth will average 1.3 percent per year.

## Construction Employment

- The Coronavirus Recession had very little impact on construction employment.
- Over the forecast period, the expected level of housing production will not require a large expansion of the construction workforce.
- A slowdown is expected in non-residential construction activity, which will ultimately lead to reduced demand for workers by 2026.



# Santa Barbara County Economic Forecast



## Transportation and Warehousing Employment

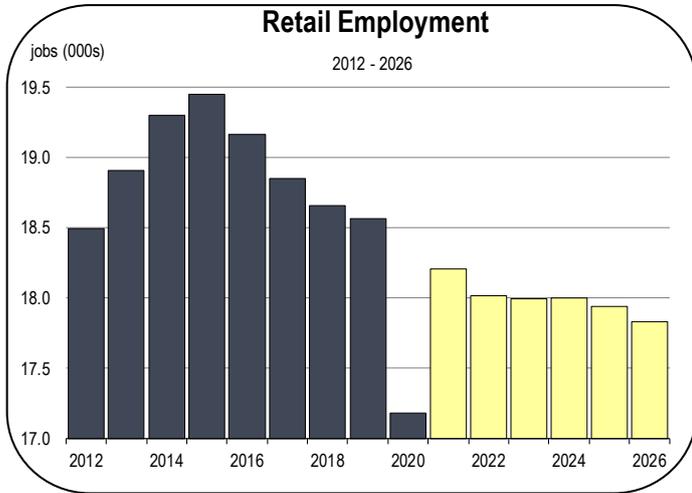
- Most transportation jobs in Santa Barbara County are in trucking and warehousing, where firms deliver goods to and from local businesses, and store these goods in logistics facilities.

- Trucking and warehousing companies were hit especially hard in the first half of 2020, but began to rebound sharply in the second half of the year.
- A meaningful share of Santa Barbara County transportation jobs are in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2020 as direct-to-consumer shipping exploded in popularity.
- In 2019, approximately 300 jobs were located at the Santa Barbara and Santa Maria airports.
- The Santa Barbara airport has 7 airlines that offer non-stop flights to Chicago, Dallas, Denver, Las Vegas, Los Angeles, Oakland, Phoenix, Portland, San Diego, San Francisco, and Seattle.
- The Santa Maria airport has a single airline that provides flights to Las Vegas, Phoenix, and Portland.
- Air travel declined sharply in 2020 as the coronavirus crisis severely limited passenger activity across the globe, and airport employment was cut in half in Santa Barbara County.
- Overall transportation and warehousing employment is not expected to return to pre-pandemic levels during the forecast period.



Santa Barbara Airport

# Santa Barbara County Economic Forecast

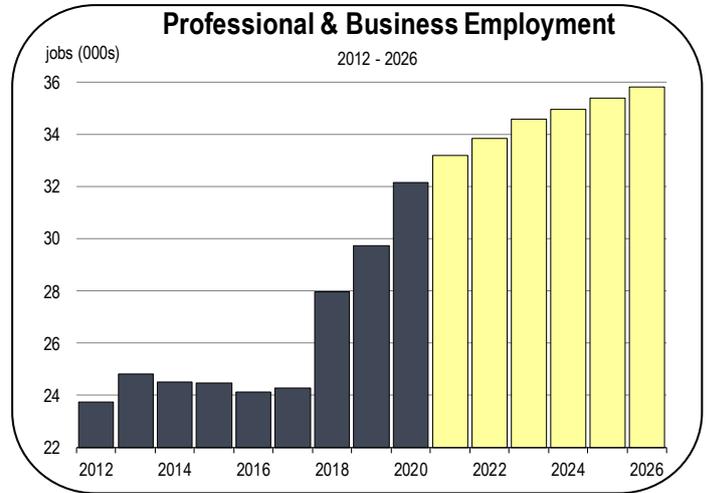
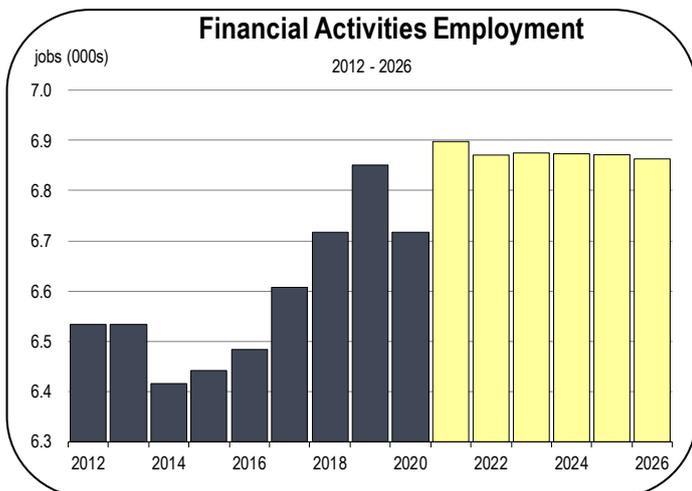


## Retail Trade Employment

- The Santa Barbara retail industry has been contracting for several years.
- The Coronavirus Recession led to approximately 1,400 job losses, but 1,000 of these jobs will be recovered in 2021.
- The long-term decline of retail jobs will resume in 2022, and is expected to persist for the foreseeable future.

## Financial Activities Employment

- The financial activities industry is primarily comprised of real estate companies, banks, and insurance firms.
- After recovering from the Coronavirus Recession, no additional growth is expected. Banking and insurance jobs will be displaced by automation, and real estate employment will struggle to expand in a county with minimal population growth.

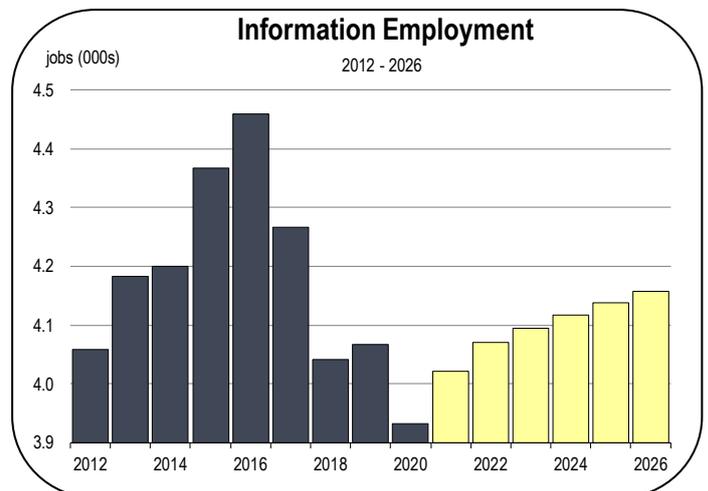


## Professional and Business Services Employment

- Many professional and business service jobs were able to operate from home, and some Santa Barbara County firms expanded in 2020. This includes subsectors like law, accounting, engineering, tech, and marketing.
- Losses were observed within subsectors where the work had to be performed on site, like building maintenance and corporate security.
- Over the forecast period, jobs will be created as professional and technical services gain a more prominent share of overall economic activity.

## Information Employment

- In Santa Barbara County, the information sector is dominated by software firms.

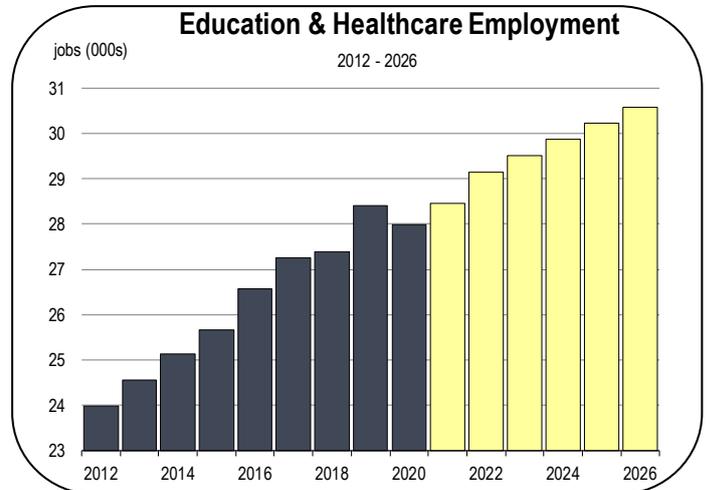


# Santa Barbara County Economic Forecast

- Software firms are primarily located near U.C. Santa Barbara. Major employers include Citrix and Procore, and the region has a particular concentration in software that is designed for real estate, property management, and construction management.
- Software companies are expected to create most new information jobs between 2021 and 2026.
- Aside from software publishing and data/Internet services, most subsectors of the information industry are in long-term patterns of stagnation, and will not generate a meaningful number of jobs during the 2021-2026 forecast period. This includes newspaper publishers, movie theaters, and telecommunications firms.

## Private Education and Healthcare Employment

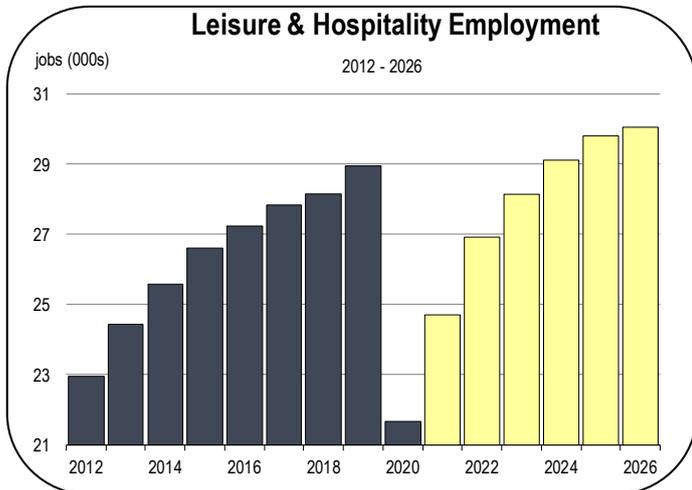
- Job losses in healthcare were minimal in 2020. In Santa Barbara County, it was more common for healthcare organizations to issue part-time furloughs than full-time layoffs.
- A meaningful number of jobs were lost at child daycare centers. Jobs at daycare centers are expected to be restored in the second half of 2021 and into 2022.
- The largest healthcare employers are:
  - Cottage Health, which runs three hospitals and employs more than 3,000 workers
  - Sansum Clinic, which has 2,000 employees throughout the county
  - Marion Regional Medical Center, which has more than 1,000 employees in the Santa Maria Valley



- Job creation in healthcare is expected to be substantial over the forecast period as the county's population ages and requires more healthcare services.
- A small number of jobs were lost at private schools, colleges, and tutoring centers in 2020.
- Before the pandemic, private education employment in Santa Barbara County had been stable at approximately 3,000 jobs for many years, and is expected to return to approximately 3,000 jobs by 2022.
- The largest private educational institution is Westmont College, which is located in Montecito. The county also has approximately 15 private K-12 schools.



# Santa Barbara County Economic Forecast



## Leisure and Hospitality Employment

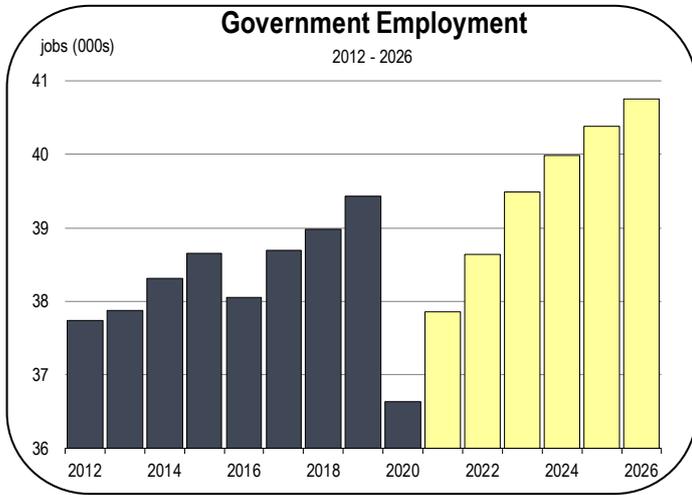
- Hotels, restaurants, bars, catering firms, gyms, and other leisure/hospitality organizations were impacted by restricted business conditions more than any other type of company. More than 7,200 jobs were lost in 2020, a decline of 25 percent.

- 3,100 jobs are expected to be restored in 2021, with most of these jobs being created in the second half of the year.
- A full recovery is forecast for 2024.
- Tourism activity is most prominent in South Santa Barbara County (beaches, shopping, dining) and the Santa Ynez Valley (wine country).
- South Santa Barbara County and the Santa Ynez Valley attract more than 7 million visitors in a typical year, and these visitors spend more than \$2 billion in the local economy.
- For decades, local tourism activity was defined by vineyard tours and shopping trips, but a new drinking and dining scene has emerged as a major draw for out-of-towners.
- Santa Barbara's "Funk Zone," a former industrial district that was transformed into a neighborhood of breweries and wine tasting rooms, attracts thousands of customers during summer weekends and now has some of the highest commercial lease rates across the county.



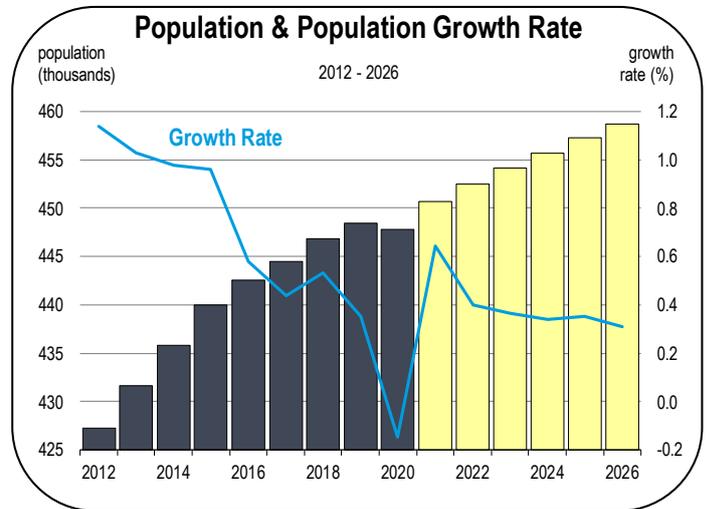
The Funk Zone is a business district near the Santa Barbara waterfront. It emerged in the 2010's as a popular weekend destination for tourists as well as local residents. It encompasses just a few city blocks, but as of mid-2021 it had more than 50 wine tasting rooms, breweries, bars, restaurants, and retail shops.

# Santa Barbara County Economic Forecast



## Government Employment

- State and local government agencies lost 3,200 jobs during 2020. Approximately 1,100 of these losses were at local schools and 1,600 were at state-level institutions (U.C. Santa Barbara, Santa Barbara City College, Alan Hancock College).
- Prior to the pandemic, state-level colleges increased their employee headcounts fairly quickly, adding 1,900 new positions between 2012 and 2019.
- U.C. Santa Barbara has more than 10,000 employees and is the largest single employer in the county.
- Government employment will begin to recover in 2021 as municipal agencies are bailed out by the federal government, and as schools re-open.



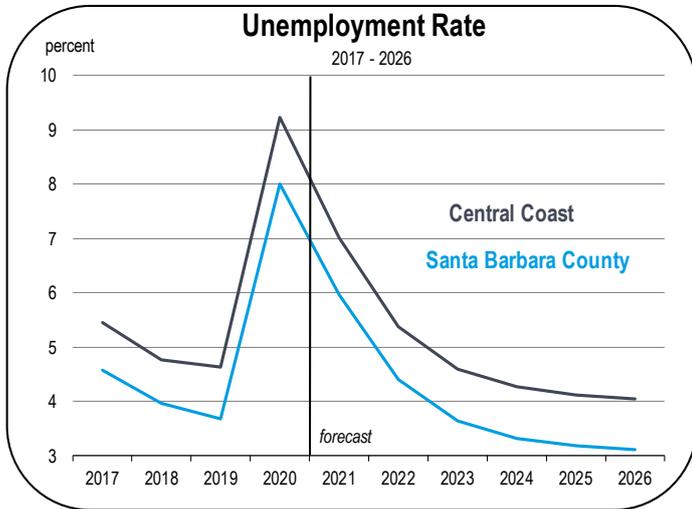
## Population Growth

- The Santa Barbara County population is expected to expand slowly between 2021 and 2026.
- Net migration is expected to be negative, with more people moving out of the county than moving in.
- The population will expand at an annual average rate of 0.4 percent per year from 2021 to 2026.
- By 2026 the Santa Barbara County population will approach 460,000 residents.



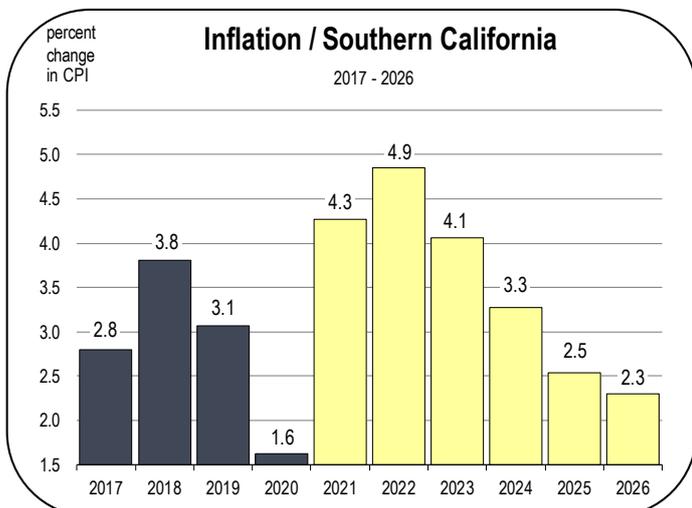
U.C. Santa Barbara

# Santa Barbara County Economic Forecast



## Unemployment and Inflation Rates

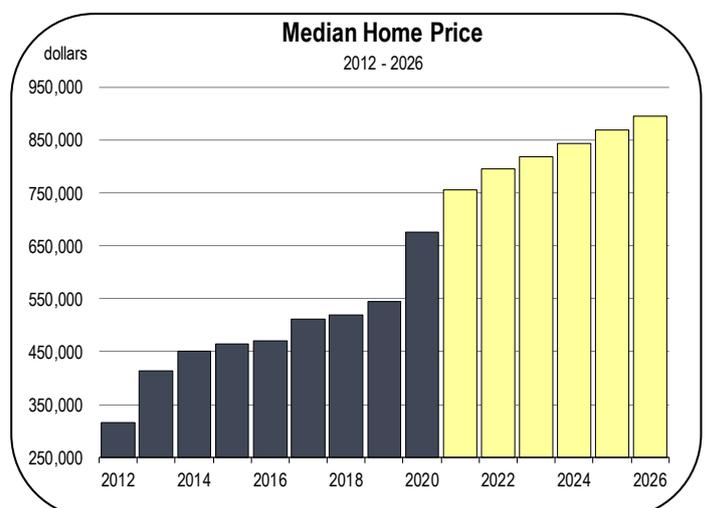
- The unemployment rate in Santa Barbara County averaged 8.0 percent in 2020.
- The unemployment rate in Santa Barbara County is always lower than the Central Coast average because Santa Barbara County has a larger share of workers with college degrees.
- An unemployment rate below 5.0 percent signifies a fully employed workforce in Santa Barbara County.
- The unemployment rate is expected to average 6.0 percent in 2021 and 4.4 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.



- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
  - Record levels of spending by consumers and government agencies
  - Fractures in the global supply chain that raise the cost of production for many businesses
  - Sharp increases in the cost of housing and energy
  - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

## Home Prices and New Housing Production

- In 2020 the median home price in Santa Barbara County was \$676,200.
- The median price increased by 25 percent countywide in 2020, and by more than 30 percent in South Santa Barbara County. Prices should rise further in 2021 and 2022.
- Home prices differ drastically across the various regions of the county.

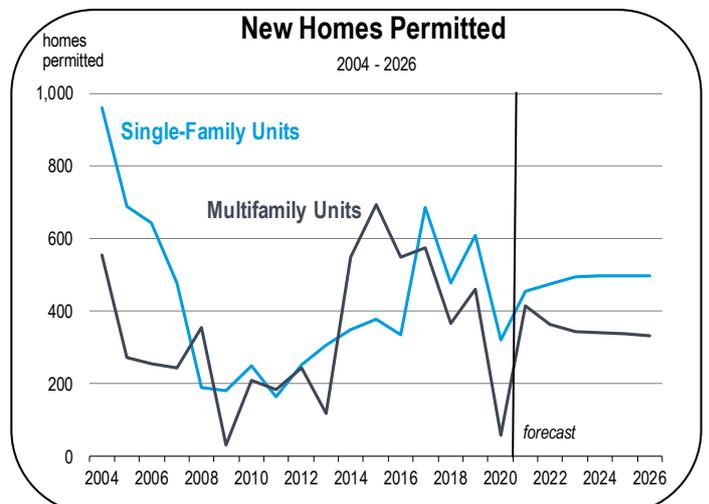
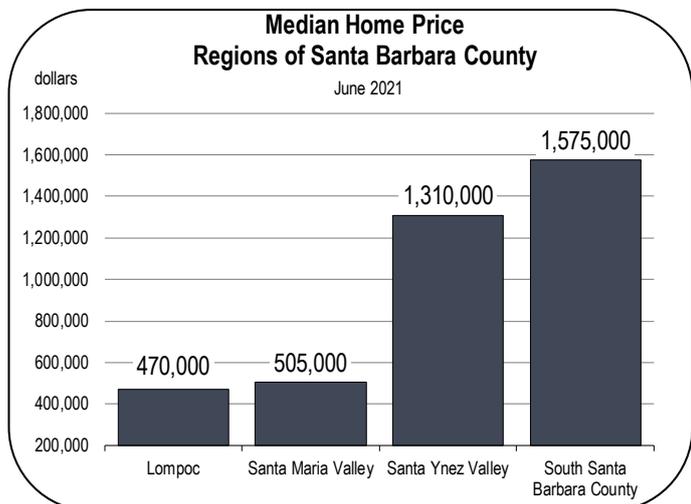


# Santa Barbara County Economic Forecast



Santa Maria Valley

- In Southern Santa Barbara County, which includes the City of Santa Barbara, the median home price exceeded \$1.5 million by mid-2021.
- In the Santa Ynez Valley, which is home to the county’s wine making industry and is within commuting distance of the job center in the southern portion of the county, the median home price was above \$1.3 million.
- In Southern Santa Barbara County and the Santa Ynez Valley, home prices have become prohibitively expensive. In order to afford a median priced home, the typical household would have had to spend more than 50 percent of its income on mortgage payments in 2020, making this area one of the least affordable markets in the country.
- Across California, the typical household would have to spend approximately 30 percent of its income on mortgage payments for the median priced home.
- In the northern portion of Santa Barbara County, which includes Lompoc and the Santa Maria Valley, the median home price was approximately \$500,000 in mid-2021.
- From 2015 to 2020, an average of 920 new homes were started per year in Santa Barbara County. Approximately half were single-family homes and the other half were apartments and condos.
- Housing production is expected to average 825 to 875 homes per year from 2021 to 2026, consisting mostly of single-family homes.



# Santa Barbara County Economic Forecast

## Economic Indicators

## 2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	440,020	144.8	1,397	1,071	394	\$25.2	\$4.8	\$6.8	\$3.5	\$65,282	5.3	\$1.7	0.9
2016	442,577	146.2	103	884	404	\$25.6	\$4.9	\$6.9	\$3.4	\$64,626	5.1	\$1.6	1.9
2017	444,515	147.2	-323	1,263	403	\$26.7	\$5.0	\$7.1	\$3.6	\$65,236	4.6	\$1.7	2.8
2018	446,885	148.2	331	846	406	\$28.2	\$5.3	\$7.3	\$3.6	\$66,151	4.0	\$1.6	3.8
2019	448,463	149.8	-744	1,069	414	\$29.5	\$5.4	\$7.6	\$3.5	\$66,856	3.7	\$1.6	3.1
2020	447,803	150.9	-2,797	380	411	\$30.7	\$5.2	\$7.3	\$3.5	\$68,484	8.0	\$1.6	1.6
2021	450,690	150.6	795	871	414	\$32.6	\$5.5	\$7.7	\$3.4	\$70,376	6.0	\$1.7	4.3
2022	452,493	151.6	-204	837	416	\$33.1	\$5.6	\$7.9	\$3.3	\$69,179	4.4	\$1.7	4.9
2023	454,152	152.4	-265	839	418	\$34.7	\$5.7	\$8.1	\$3.3	\$70,596	3.6	\$1.7	4.1
2024	455,686	153.2	-312	838	419	\$36.3	\$5.9	\$8.3	\$3.3	\$71,758	3.3	\$1.7	3.3
2025	457,287	153.9	-155	837	421	\$37.8	\$6.0	\$8.5	\$3.4	\$72,790	3.2	\$1.7	2.5
2026	458,707	154.6	-257	829	423	\$39.2	\$6.0	\$8.6	\$3.5	\$73,727	3.1	\$1.7	2.3
2027	460,089	155.4	-183	825	424	\$40.7	\$6.1	\$8.7	\$3.5	\$74,694	3.1	\$1.7	2.1
2028	461,475	156.1	-86	823	426	\$42.3	\$6.2	\$8.8	\$3.6	\$75,651	3.1	\$1.7	2.1
2029	462,826	156.8	-45	818	427	\$43.7	\$6.4	\$9.0	\$3.6	\$76,229	3.1	\$1.7	2.1
2030	464,197	157.5	62	816	429	\$45.2	\$6.5	\$9.3	\$3.7	\$76,870	3.0	\$1.7	2.1
2031	465,371	158.2	37	813	430	\$46.6	\$6.7	\$9.5	\$3.7	\$77,471	3.0	\$1.7	2.2
2032	466,461	158.9	113	815	431	\$48.0	\$6.9	\$9.7	\$3.7	\$77,838	3.0	\$1.7	2.1
2033	467,493	159.6	217	819	432	\$49.4	\$7.0	\$9.9	\$3.8	\$78,501	3.0	\$1.7	1.9
2034	468,350	160.3	260	814	433	\$50.9	\$7.2	\$10.1	\$3.8	\$79,033	3.0	\$1.8	2.0
2035	469,034	161.0	271	809	434	\$52.4	\$7.3	\$10.4	\$3.9	\$79,591	3.0	\$1.8	2.0
2036	469,612	161.7	338	800	434	\$54.0	\$7.6	\$10.7	\$3.9	\$79,903	3.0	\$1.8	2.1
2037	470,047	162.4	311	794	435	\$55.8	\$7.8	\$11.0	\$3.9	\$80,240	3.0	\$1.8	2.1
2038	470,475	163.1	397	791	435	\$57.6	\$8.0	\$11.3	\$3.9	\$80,732	3.0	\$1.8	2.0
2039	470,945	163.8	492	791	436	\$59.5	\$8.2	\$11.6	\$3.9	\$81,121	3.0	\$1.8	2.1
2040	471,396	164.5	557	785	436	\$61.3	\$8.4	\$11.9	\$3.9	\$81,527	3.0	\$1.8	2.0
2041	471,946	165.2	757	784	437	\$63.2	\$8.6	\$12.2	\$4.0	\$82,137	3.0	\$1.8	2.1
2042	472,379	165.8	706	778	438	\$65.1	\$8.8	\$12.5	\$4.0	\$82,788	3.0	\$1.8	2.0
2043	472,968	166.5	908	776	438	\$67.1	\$9.0	\$12.8	\$4.0	\$83,488	3.0	\$1.8	1.9
2044	473,440	167.2	841	769	439	\$69.0	\$9.2	\$13.0	\$4.1	\$84,251	3.0	\$1.8	2.0
2045	474,017	167.8	1,013	762	439	\$70.9	\$9.4	\$13.3	\$4.1	\$84,910	3.0	\$1.8	2.1
2046	474,498	168.5	964	755	440	\$72.9	\$9.6	\$13.6	\$4.1	\$85,488	3.0	\$1.9	2.1
2047	474,904	169.2	930	747	440	\$74.9	\$9.8	\$13.9	\$4.1	\$85,944	3.0	\$1.9	2.1
2048	475,236	169.8	889	739	441	\$77.0	\$10.1	\$14.2	\$4.1	\$86,316	3.0	\$1.9	2.2
2049	475,275	170.5	655	730	441	\$79.1	\$10.3	\$14.5	\$4.2	\$86,922	3.0	\$1.9	1.9
2050	475,259	171.1	653	723	441	\$81.3	\$10.5	\$14.9	\$4.2	\$87,471	3.0	\$1.9	2.0

## Employment Sectors

## 2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	202.4	21.0	7.8	13.0	3.3	24.1	6.4	24.5	4.4	25.7	26.6	38.7
2016	203.5	20.9	8.2	13.4	3.2	23.9	6.5	24.1	4.5	26.6	27.2	38.1
2017	206.1	21.7	8.3	13.1	3.2	23.8	6.6	24.3	4.3	27.3	27.8	38.7
2018	212.3	22.9	8.8	12.9	3.4	23.8	6.7	28.0	4.0	27.4	28.2	39.0
2019	218.1	24.1	8.9	12.9	3.5	23.7	6.9	29.7	4.1	28.4	29.0	39.4
2020	206.2	24.8	8.8	11.9	3.3	22.1	6.7	32.1	3.9	28.0	21.7	36.6
2021	214.3	25.4	8.9	11.5	3.4	23.2	6.9	33.2	4.0	28.5	24.7	37.9
2022	219.4	25.6	9.1	11.3	3.4	23.2	6.9	33.8	4.1	29.1	26.9	38.6
2023	222.5	25.7	8.6	11.3	3.5	23.2	6.9	34.6	4.1	29.5	28.1	39.5
2024	224.9	25.7	8.5	11.3	3.5	23.3	6.9	35.0	4.1	29.9	29.1	40.0
2025	227.0	25.7	8.5	11.4	3.5	23.2	6.9	35.4	4.1	30.2	29.8	40.4
2026	228.7	25.8	8.5	11.5	3.5	23.1	6.9	35.8	4.2	30.6	30.1	40.8
2027	230.3	25.8	8.5	11.7	3.5	23.1	6.9	36.2	4.2	30.9	30.4	41.1
2028	232.0	25.9	8.5	11.8	3.5	23.0	6.9	36.6	4.2	31.3	30.5	41.5
2029	233.7	26.0	8.6	11.9	3.5	23.0	6.9	37.0	4.2	31.6	30.6	41.9
2030	235.6	26.2	8.6	12.1	3.5	23.1	6.8	37.4	4.2	31.9	30.7	42.5
2031	236.9	26.3	8.6	12.2	3.5	23.1	6.8	37.8	4.2	32.2	30.8	42.5
2032	238.3	26.4	8.6	12.3	3.5	23.1	6.8	38.0	4.2	32.6	31.0	42.8
2033	239.7	26.5	8.6	12.4	3.5	23.1	6.8	38.3	4.3	32.9	31.2	43.0
2034	240.9	26.7	8.6	12.5	3.5	23.1	6.8	38.5	4.3	33.2	31.4	43.2
2035	242.3	26.8	8.6	12.6	3.5	23.1	6.8	38.8	4.3	33.5	31.5	43.4
2036	243.6	26.9	8.6	12.7	3.5	23.1	6.8	39.1	4.3	33.8	31.7	43.6
2037	244.8	27.0	8.7	12.8	3.5	23.1	6.8	39.4	4.3	34.0	31.9	43.8
2038	246.0	27.2	8.7	12.9	3.5	23.1	6.8	39.6	4.3	34.3	32.1	44.0
2039	247.1	27.3	8.7	12.9	3.5	23.2	6.8	39.9	4.3	34.6	32.2	44.1
2040	248.2	27.4	8.7	13.0	3.5	23.2	6.8	40.1	4.3	34.9	32.4	44.2
2041	249.3	27.5	8.7	13.0	3.5	23.2	6.8	40.4	4.3	35.1	32.6	44.3
2042	250.3	27.7	8.8	13.1	3.6	23.2	6.8	40.6	4.3	35.4	32.7	44.4
2043	251.4	27.8	8.8	13.1	3.6	23.2	6.8	40.9	4.3	35.6	32.9	44.5
2044	252.3	27.9	8.8	13.1	3.6	23.2	6.8	41.1	4.3	35.9	33.1	44.6
2045	253.2	28.0	8.8	13.2	3.6	23.3	6.8	41.2	4.4	36.1	33.2	44.7
2046	254.1	28.2	8.8	13.2	3.6	23.3	6.8	41.4	4.4	36.4	33.4	44.7
2047	254.9	28.3	8.8	13.2	3.6	23.2	6.8	41.6	4.4	36.6	33.6	44.8
2048	255.7	28.4	8.8	13.3	3.6	23.3	6.8	41.8	4.4	36.8	33.7	44.8
2049	256.4	28.5	8.8	13.3	3.6	23.2	6.8	41.9	4.4	37.0	33.9	44.9
2050	257.1	28.7	8.8	13.3	3.6	23.3	6.7	42.0	4.4	37.2	34.1	44.9

# Santa Barbara County Economic Forecast

## Socioeconomic Indicators

